

Executive Summary

Mercer is pleased to present Leon County with a benchmarking analysis of its Health and Welfare plans. The benchmarking is based on the *Mercer Annual Survey of Employer Sponsored Health Plans*, the largest and most comprehensive annual survey available. The survey was established in 1986, and began incorporating a national probability sample in 1993. 3,020 employers participated in 2004. All employers with 10 or more employees are surveyed, however the size groups examined in this presentation include only large employers with 500+ employees. Below is a summary of key findings.

Demographics, Coverage Eligibility, and Elections

The average age of Leon County employees is 44, slightly higher than the government and county averages of 43. For the nation as a whole, the average employee age is 40. Leon County has a higher percentage of employees with dependents (65%) than all applicable benchmarks. Government, County Government and National averages are 55%, 54%, and 56% respectively. The percentage of Leon County employees who waived coverage is 7%, which is close to the Government and County Government norms (7% and 8% respectively), but below the national average of 16%.

Health Prevalence and Costs

Using estimates provided by Leon County that were based on January 2005 enrollment, the expected total health benefit cost increase for 2005 is 15%. This is slightly higher than all applicable benchmarks. Government entities responding to the Mercer survey reported an 11% expected increase, County Government entities expected a 10% increase and the nation as a whole expected 11%. Please note that for the Mercer survey, total health benefit cost is the total gross cost for all medical, dental, prescription drug, Mental Health/Substance Abuse (MH/SA), vision and hearing benefits for all active employees and their covered dependents. Total gross annual cost includes employee contributions but not employee out-of-pocket expenses. The data provided by Leon County was for medical costs only.

Employee Contributions

Monthly employee contributions for Leon County in 2004 were \$25.66, significantly below the Government, County Government and National benchmarks of \$41, \$42 and \$61, respectively. However, this contribution amount is consistent with Alachua County's employee contribution amount of \$29.46. As a percentage of premiums Leon County, at 7%, is also below all comparison points. Government entities offering HMOs were at 13%, County Government entities were at 12% and the National norm was 22%.

An analysis of family employee contributions also shows that Leon County employee contribution levels are significantly below all comparison points. Leon County employees contribute \$67.98 monthly for family coverage, while Government entities surveyed were at \$260; County Governments were at \$243; and the National norm was \$246. Alachua County is at \$204.01. Leon County's contributions as a percentage of premiums for family coverage were identical to the employee only figure of 7%. Government entities were at 34%, County Government entities were at 35% and the National norm was 33%.

HMOs

Leon County has a \$10 physician co-pay in both of its HMOs, which is lower than the current \$15 copay for the State of Florida's plan. Government and County Government entities were at \$12 and the National average was \$15. Leon County had two different emergency room co-pays for their HMO plans (Vista has a \$50 co-pay, while the Capital Health Plan HMO is at \$100). The State of Florida has a \$25 co-pay. The average for all other applicable benchmarks was \$50. In addition, while Leon County does not have a inpatient hospital co-pay for either plan, Mercer survey results indicate that 39% of Government entities, 44% of County Government entities and 46% of all entities surveyed Nationally do. Government entities had an average co-pay amount of \$200. The National and County Government average co-pay amount was \$250. The State of Florida has a \$150 per admission co-pay.

Rx

For 3-tier retail prescription drug plans, the benchmark data for Leon County versus the applicable benchmarks were as follows:

Table 1: Average Co-pays for 3-Tier Retail Rx Plans

Rx Tier	LEON COUNTY	GOVERNMENT +500	COUNTY +500	NATIONAL +500	ALACHUA COUNTY	STATE OF FLORIDA
Generic	\$7	\$10	\$10	\$10	\$7	\$7
Brand – Formulary	\$17	\$24	\$21	\$23	\$20	\$20
Brand – Non Formulary	\$33	\$43	\$37	\$40	\$35	\$35

For 3-tier retail prescription drug plans, the benchmark data for Leon County versus the applicable benchmarks were as follows:

Table 2: Average Co-pays for 3-Tier Mail Order Rx Plans

Rx Tier	LEON COUNTY	GOVERNMENT +500	COUNTY +500	ALACHUA COUNTY	NATIONAL +500
Generic	\$14	\$12	\$13	\$14	\$15
Brand – Formulary	\$28	\$28	\$29	\$40	\$33
Brand – Non Formulary	\$60	\$49	\$53	\$70	\$57

Please note that the Leon County data shown is for the Vista HMO, there is no mail order Rx plan available via the Capital Health Plan HMO.

Dental

Leon County's dental plan deductible amount of \$50 is consistent with all benchmarks. The annual maximum of \$1,000 is consistent with the National average, but slightly lower than the Government and County Government averages of \$1,200.

In addition, Mercer has provided benchmark data pertaining to Specialty Benefits, Strategic Planning, Preferred Provider Organizations and POS Plans. Although much of this data does not lend itself to direct comparisons/analysis, it may be useful in the future as Leon County contemplates changes to its existing benefit offerings.

Attachment #

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